

# International Trade in Current Affairs

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**Abstract:** International trade, as an important indicator of the world economy flow, also reflects all aspects of a country such as Politics and Humanities. This article combines international trade with current affairs to explore the country status and development trends which reflected by trading. Worldwide, seven countries which can represent different country forms and development degrees are chosen, divided into three groups by their respective hot events, exploring their unique modes of international trade and the distinctive paths for countries developing. The focus is on how to reflect on the past and present situation reflected by the international trade and the adapt the strategies to find suitable own way for both trading and developing, which also the serious question for every country.

**Keywords:** international trade; current affairs; USA & China & Russia; Netherlands & Japan; UK & Germany

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## 1. Introduction

The world is undergoing major changes unprecedented in a century, the world multi-polarization, economic globalization, social informatization and cultural diversification are developing deeply. From the US presidential elections, political changes in the EU and the European energy crisis in the West to the relaxation of monetary policy in Japan and the signing of the RCEP in Southeast Asia in the East, international trade, as the primary element of the economy and the bridge between social production and social consumption in all countries, has always occupied an indelible position in the major hot spots.

As the saying goes, "Leave practical theory is death theory, theory of practice is blind." International trade has shown its superiority and circulation with different countries which all have their own characteristics and systems in one time of current events. It combines domestic and foreign markets, allows money and resources to circulate with each other, and even contributes to accelerating global economic integration.

In this thesis, some typical countries of the world are selected and grouped on the basis of some international current affairs to be studied. The first group is the US, a developed capitalist country, Russia, a developing capitalist country, and China, a developing socialist country, divided by different national forms as well as levels of economic development, to understand the economic impact behind them in the context of the US-China trade war and the NATO-Russia friction. The second group is the Netherlands, which managed to overtake Japan, the third largest economy, after the epidemic. In 2021, when recovery from the epidemic was crucial, there was no significant movement in global international trade rankings, except for the Netherlands, which overtook Japan. And the last group is the UK, which opted to leave the EU, and Germany, which stayed in the EU during the political changes in the EU, and the different development paths they chose after the coup will be explored.

## 2. USA & China & Russia

As a superpower, the United States possesses the world's top level of military power and economic strength and occupies an indispensable and important position in world trade. In recent years, as the trend towards multilateralism in economic globalization has intensified, it has become a fierce contradiction to the unilateralism that the US has always insisted on, and the US has launched a campaign to suppress some countries in the world in order to maintain its hegemony. Among them, the ongoing international hot spots of the US-China trade war and the Russia-Ukraine war are closely related to the US.

China, the world's largest developing country, has developed rapidly in recent years, causing the US to feel the pressure and fall into the Thucydides trap, which leads to a trade war against China. It started with tariffs, then a technology war, and then involved all aspects of trade. Since 16 June 2018, the Trump administration announced its list of tariffs on China and China took countermeasures, firing the first shots of the US-China trade war. As the trade war between the US and China intensified, opposition emerged in the US. For a period of time, relations between the US and China were eased, the two countries signed an agreement whereby the US agreed to reduce newly imposed

tariffs and China expanded its purchases of US agricultural and energy products and other goods. However, things took another turn until the presidential election in the U.S. On January 20, 2021, Biden was inaugurated as President of the United States. Due to Biden's diplomatic attitude towards China, China-US relations have declined again. Compared to the Trump administration, the Biden administration has become more selective and focused, particularly on suppressing China in key areas such as 5G, artificial intelligence and biotechnology. Since 2018 to date, the trade war between the US and China has lasted for five years, but the US has still not achieved its trade rebalancing objectives. In 2022, bilateral trade in goods between the US and China amounting to US\$759.427 billion in 2022. Of this, China's exports to the US are US\$581,783 million which China's imports from the US are US\$177,644 million. The causes of the bilateral trade imbalance are very complex, both in terms of the fundamental reasons that determine the US trade deficit, such as the low US savings rate, the large fiscal deficit and the international currency-issuing country status (the Triffin dilemma), and, more importantly, the decisive influence of the comparative advantages, industrial structure, international division of labor and international competitiveness of the two countries. The actual situation shows that a trade war is not a viable solution to the trade imbalance between the US and China.

Russia, as a major military power in the world, has a pivotal position in the trade of resources and energy, although its overall economic strength is not as strong as its military. In recent years, under the government leadership of the two countries, China and Russia have enhanced strategic mutual trust, and the scale of bilateral trade and economic cooperation has been expanding. 2022 annual, China-Russia trade volume of \$190.272 billion, an increase of 29.3% year-on-year. Among them, China's exports to Russia were US\$76.123 billion, up 12.8 %; China's imports from Russia were US\$114.149 billion, up 43.4 %. Energy, raw materials, electromechanical products and agricultural products dominate bilateral trade and are strongly complementary. And energy cooperation has always been the most weighty and fruitful area of cooperation between the two countries. Since China is a major energy consumer but has limited domestic oil and gas reserves and relies mainly on imports while Russia is rich in energy reserves and is an important energy exporter in the world.

In contrast to the western countries, after the conflict between Russia and Ukraine, the US and European countries have imposed comprehensive sanctions on Russia, which has caused serious losses to the Russian economy and even has resulted in a change in the pattern of foreign trade. Oil and gas are Russia's major export products, with crude oil exports accounting for 10% of global trade and natural gas exports accounting for nearly 20% of global trade. After the Russia-Ukraine conflict, the US and Europe have stopped or reduced oil and gas imports to Russia, Russian energy exports have been hampered seriously. However, western countries are also facing a serious energy crisis, with energy prices rising sharply.

Economic warfare between countries also represents a contest of national power. It is true that some countries can get a few benefits from these conflicts, it is also true that some countries have to fight whether for defending themselves or fighting for more interest with no choice. However, what we have to admit is that these warfares really have a bad impact on both the economic development of the country and the development of a globalized economy. So we should better try to minimize direct conflict and opt for peaceful solutions.

### 3. Netherlands & Japan



Fig 2.2.1 Netherlands and Japan total import and export comparison from 2018 to 2022

Since 2019, the epidemic has spread rapidly around the world, with a negative impact on national economies as well as international

trade that cannot be underestimated. Thanks to the efforts of all humanity for three years, the epidemic situation is gradually improving and countries are recovering little by little. As for year 2021, a crucial year for economic and trade recovery after the epidemic, there was no significant movement in global international trade rankings, except for the Netherlands, which reached \$1.593 trillion in total imports and exports, overtook Japan's \$1.519 trillion and became the fourth. As the world's third largest economy, Japan has always had a strong economy and its industrial sector is among the world's leading. Compared to Japan, the Netherlands has a much smaller economy and a different industrial scale, not to mention huge energy or resource reserves. How did the Netherlands achieve the comeback then becomes the main object of research.

When it comes to the economic development of the Netherlands, there are many key factors, such as a long history, a good location and cutting-edge technology.



Fig 2.2.2 Rotterdam Port Development Map

Though all of factors, it is worth talking about the important role played by the port of

Rotterdam in terms of economic recovery. The Port of Rotterdam is Europe's largest and smartest port, the largest maritime cluster centre and one of the world's most important logistics hubs. The port developed in the 1400s and has been expanding its area and developing new routes for 630 years. Whether as a "gateway to Europe" for transporting goods for Europe or as a transit point for the "China-Europe train" for trade between East and West, Rotterdam builds bridges for both. Cargo throughput at the Port of Rotterdam in 2021 is on a par with the level before the pandemic in 2019, almost all cargo types are up on last year, with a record container throughput of 15.3 million TEU in 2021 and a 7.3% increase in total throughput. Moreover, according to Allard Castelein, CEO of the Port of Rotterdam Authority, investments will also be implemented in the energy transition, in cooperation with the government, to create a green industry, while maintaining the advantages of container exports. Overall, the advantages of Rotterdam are extremely well used, its excellent location allows it to reap business from all over the world while its continuous development and improvement allows it to reap business from all over the world, which all are key to the Netherlands' recovery of trade after the epidemic and its overtaking of Japan.

In contrast, Japan, which has a relatively narrow domestic market and needs to capture international markets to promote its economic and trade development, has long run a surplus in trade. However, in 2021, the structure of Japan's foreign merchandise trade reversed, not only from a surplus to a deficit, but the deficit even reached 1,472,152 million yen. One of the reasons is the soaring prices of imported raw materials and energy. As a result of the epidemic, factories stopped operating and a significant proportion of companies were unable to consume all the imported raw materials for their end products. Against the backdrop of a significant rise in the value of imports, exports were unable to rise in the same proportion, leading to the formation of a deficit. What's more, Japan has changed its Prime Minister too often in recent years, and with it different trade policy and diplomatic attitude, the instability has also had a negative impact on trade and commerce.

The Netherlands and Japan are both powerhouses in international trade and compete fiercely. In the crucial 2021 year of recovery from the epidemic, the Netherlands is better positioned to take advantage of the port of Rotterdam, while Japan is delayed by the resumption of work and political problems, which is the key to the Netherlands being able to overtake Japan.

#### 4. UK & Germany

The UK and Germany are both strong countries in international trade which always in world top 10. With the UK choosing to leave the EU and Germany remaining in it, there are some of the changes that have occurred in both countries about international trade patterns.

At 23:00 UK time on 31 January 2020, the UK officially ended its 47-year membership of the European Union, which led the UK to become a truly “independent” country. In order to secure its strong trade position in the world and protect the country’s economy after Brexit, a series of changes were quickly made.

On the one hand, the UK needs more self-defense in international trade after leaving EU protection, which leads to the emergence of the independent and improved trade barriers. The changes of the trade barriers are mainly realized with tariffs, that the UK has different adjustments in different sides. Firstly, to separate from the EU, a separate tariffs policy has been set up that the unit of measurement for tariffs has been updated from Euros to Pounds Sterling, also, the EU EORI number will no longer apply to UK import and export operations. And for tariffs value, the UK has different treatments depends on economies and products types. Following Brexit transition period and the adoption of a temporary zero tariff during the epidemic, on January 1 2023, the UK government announced a “global zero tariff” to replace the EU’s external tariff system, which said that 60% of imports from countries with which the UK has trade agreements, including agriculture, fisheries and the automotive industry, will be duty free. Compares to EU’s external tariff system, “a global zero tariff” is simpler, less taxing and more suitable for the UK economy. However, even though taxes have generally fallen, the starting point for VAT in the UK has risen.

On the other hand, in order to recover from the negative effects of Brexit, the UK is also actively opening up to foreign trade. After leaving the EU, the UK began to agree its own system and policies for trading with countries. The most noteworthy of these is the signing of the Free Trade Agreement. As previously reported by the BBC, the UK has so far signed trade agreements with the EU and 70 countries outside the EU, including Canada, New Zealand and Japan. This has brought significant trade revenue to the UK and contributed to achieve it a post-Brexit economic recovery.

For the other dominant EU country, Germany, which chose to stay in the organization, continues to contribute significantly to the economy and policy-making for EU. As the same time, Germany also benefits under the EU. Internally, the EU offers Germany the power to trade freely between member states, with zero tariffs and equal trade status, which brings rich trade opportunities for Germany. Externally, Germany has also benefited from the multi-bilateral trade agreements signed by the EU, which means that trade agreements signed between the EU and any country use the same terms as Germany. This protects German economic interests abroad and leads Germany into the world. In general, the EU and Germany are more like a mutually beneficial partnership. Germany is one of the leading countries in the EU with its strong economic and industrial advantages and contributes to the EU’s position in the international arena. Germany has also used the strength of the EU to gain more trading partners and even the greater voice in the world.

## 5. Conclusion

Now, three groups of studies on international trade in current affairs have been completed. In USA-China-Russia group, the study examines the lose-lose effects of international trade caused by hegemony conflicts in order to call on the country to resolve the conflict in a more peaceful way. In the Netherlands-Japan group, it is found that maximizing advantages is key to economic recovery after the epidemic. In the UK-Germany group, different routes to post-Brexit development explored, there is no best option, the focus is on finding a balance between the closed style of self-protection and the open style of engagement with the outside world, tapping into new routes that suit.

In general, international trade is not only an important indicator of the economy, but also a reflection of various aspects of politics, diplomacy and policy. How to reflect on and adapt to the past and present situation of international trade and find suitable own way of trading is a question for every country. However, the seven countries selected for this essay can only cover the current situation of foreign trade in most countries. For some countries, more focused research is needed to explore.

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